SECTION C

Answer TWO questions from this section.

8 In July 2017 the German retailer Metro Group demerged into two independent companies. Its wholesale and food division became New Metro and a separate consumer electronics business, CECONOMY, was formed.

Evaluate the possible benefits of a demerger for the business **and** its workforce.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

9 By 2017 Ethiopia was one of very few African countries that had not privatised its telecommunications market and introduced competition. The state-owned company, Ethio Telecom, was the only firm in the market.

Evaluate the likely benefits of a monopoly to its consumers.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 9 = 20 marks)

10 In 2018 the Malaysian Government increased the monthly minimum wage for garment and textile workers from MYR 1 000 to MYR 1 500.

Evaluate the benefits of an increase in the minimum wage on businesses **and** workers.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

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SECTION C

Answer TWO questions from this section.

8 In South Africa, in 2019, insurance, mobile phones and retail banking were markets that had high concentration ratios. For example, the 4-firm concentration ratio was 96% for mobile phones and 74% for insurance.

Evaluate the disadvantages of an oligopolistic market for producers and consumers. Refer to an industry of your choice in your answer.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

9 In 2020 the low-cost airline Flybe shut down. A decrease in demand for European flights led to Flybe's revenue falling below its costs of production.

Evaluate whether a firm should always shut down if its costs of production are greater than its revenue. Refer to an industry of your choice in your answer.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 9 = 20 marks)

10 In 2018 the South African Government passed the National Minimum Wage Act.

Evaluate the likely microeconomic effects of the introduction of a national minimum wage on businesses and workers in the tourism industry.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

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SECTION C

Answer TWO questions from this section.

8 In 2020 three pharmaceutical firms Lexon, King Pharmaceuticals Ltd and Alissa Healthcare Research Ltd, were found to have illegally shared information in order to keep prices artificially high. Each firm was fined £1.2 million for this collusion by the UK competition authorities.

Evaluate the possible benefits of collusive behaviour between firms.

Use a simple game theory model in your answer.

(Total for Question 8 = 20 marks)

9 In 2019 the New Zealand Government created a new organisation to regulate the local monopolies that supply water. This organisation imposed a price cap that resulted in these water companies making insufficient profit for investment in improving water quality.

Evaluate methods that a government could use to control monopoly behaviour.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 9 = 20 marks)

10 JBS is the largest meat processing firm in the world, as measured by value of sales. Its revenue was $814.5 million in 2020. After a significant increase in sales to China in quarter 4 2020, its total revenue from sales to China rose by 60%.

Evaluate the view that revenue maximisation is always the main objective of a firm.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

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SECTION C

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8 In 2019 the Indian Government announced plans to privatise up to 25 airports across India. These airports are not the largest in India, but they each have annual passenger numbers between 1 million and 1.5 million.

Evaluate the possible benefits of privatisation for the consumer.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

9 In the UK, for any given rail journey, there are usually more than five different ticket prices depending on the time and day of travel.

Evaluate the view that price discrimination is always beneficial for producers.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 9 = 20 marks)

10 In New Zealand, in 2018, it was estimated that the average worker employed in the private sector earned 30% less than the average worker in the public sector.

Evaluate the reasons why wage differences exist.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

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SECTION C

Answer TWO questions from this section.

8 In 2021, the UK-based firm PhotonLens, which produces virtual reality smart glasses, merged with the Chinese firm Shadow Creator, which specialises in virtual reality software.

Evaluate the benefits of growth by merger.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

9 The tax authority in Singapore offers a tax incentive of up to S$100 000 to new businesses in their first three years of trading. The objective of this scheme is to promote competition.

Evaluate methods that a government could use to promote competition in a market.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 9 = 20 marks)

10 The Indian premium smartphone industry is dominated by three firms: Apple, Samsung and OnePlus. These firms compete mainly using non-price competition.

Evaluate the use of non-price and price competition in oligopolistic markets.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

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SECTION C

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8 In 2017 19% of firms in the UK construction industry were small or medium-sized businesses.

Evaluate why some firms remain small.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

9 There are many hotel businesses in the Philippines that operate in a monopolistically competitive market.

To what extent would a perfectly competitive market be more efficient than a monopolistically competitive market?

Illustrate your answer with an appropriate diagram(s).

(Total for Question 9 = 20 marks)

10 Garuda Indonesia is the country's national airline. In November 2017 the company's Vice-President stated that the airline's main objective was to maximise revenue.

Evaluate the extent to which different business objectives may affect a firm's profits.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

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SECTION C

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8 Visinema, an Indonesian company that produces TV shows and feature films, is expanding into neighbouring countries. The company is also planning to acquire several Indonesian animation studios.

For an industry of your choice, evaluate why many businesses have growth as their main objective.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

9 In July 2020 the mobile phone company, MTN Ghana, had a 70% market share in Ghana. The competition authorities in Ghana stated that this was preventing new firms from entering the market and was having a negative effect on the quality of service.

For an industry of your choice, to what extent is a monopoly market structure *inefficient*?

Illustrate your answer with an appropriate diagram(s).

(Total for Question 9 = 20 marks)

10 In February 2020 the Indian Government announced plans for university degrees to be fully accessed online. This was to make higher education more accessible and to increase the skills of India's young people. Previously only 20% of a degree could be studied online.

Evaluate measures to reduce the occupational and geographical immobility of labour.

(Total for Question 10 = 20 marks)

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SECTION C

Answer TWO questions from this section.

8 In January 2022 the Australian firm Peak Minerals demerged from Vertex Minerals. The main reason for the demerger was to enable Peak Minerals to focus on copper and gold mining production in Western Australia.

Evaluate the possible benefits of a demerger.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

9 In February 2020 the European Commission fined the Spanish hotel group Meliá €6.678 million for charging consumers from different EU countries different prices for the same rooms.

Evaluate the possible benefits of price discrimination to both the business and consumers.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 9 = 20 marks)

10 In January 2022 the Government of Greece announced plans to raise the national minimum wage by 2% to €773 per month. However, many restaurant owners are worried about the impact of this increase in the minimum wage on their businesses.

Evaluate the likely microeconomic effects of an increase in the national minimum wage on an industry of your choice.

Illustrate your answer with an appropriate diagram(s).

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SECTION C

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8 In 2023 the US Department of Justice began an investigation into claims that Google had used its market power to limit competition and to increase the amount charged to advertisers.

Evaluate policies that a government could adopt to control monopolies.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

9 In 2023 the highest-paid lawyers in Switzerland earned, on average, three times more than the lowest-paid lawyers.

Evaluate possible reasons for wage differentials in an occupation of your choice.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 9 = 20 marks)

10 In July 2023 the Competition and Markets Authority fined Leicester City Football Club £880 000 for colluding with JD Sports. The club was found guilty of price fixing and restricting the selling of Leicester City-branded clothing in the UK.

Evaluate the likely effects of collusion on businesses **and** consumers in an industry of your choice.

Illustrate your answer with reference to game theory.

(Total for Question 10 = 20 marks)

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SECTION C

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8 In 2018 the US-owned business Toys "R" Us shut down after not being able to cover its costs.

Evaluate the view that a business will always shut down if it is not able to make a normal profit.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

9 The tyre market in India is dominated by three large businesses, MRF, Apollo Tyres and JK Tyres, with a combined market share of 70.4%. The price of tyres has remained relatively stable over time.

With reference to an industry of your choice, evaluate the likely disadvantages for a business operating in an oligopolistic market structure.

Illustrate your answer with a payoff matrix diagram.

(Total for Question 9 = 20 marks)

10 Jeff Bezos owns 12.7% of Amazon shares and works as the Executive Chair of the board of directors. By contrast, Daniel Kretinsky owns 22% of the shares in the UK's Royal Mail Service but he does not work for the company.

Evaluate the likely impact of the divorce of ownership from control on business objectives.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

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SECTION C

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8 In 2015 Egypt's Government introduced a maximum wage of $5 800 per month. This was 35 times greater than the minimum wage of public sector workers. Many Chief Executives were earning far more than this maximum wage at the end of 2014. As a consequence, 200 executives in the banking sector resigned.

Evaluate the impact of imposing a maximum wage.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

9 In 2022 the French Government planned to pay nearly €10bn to nationalise EDF Energy. This business had a 90% market share. The Government aims to ensure stability of energy supplies and to prevent significant price fluctuations.

Evaluate the impact of a profit maximising monopolist being nationalised.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 9 = 20 marks)

10 According to a 2021 World Bank report, small and medium-sized enterprises accounted for 98.5% of the businesses in Malaysia. The report stated that these businesses were reluctant to invest in the technology that would enable them to expand because many of them wanted to remain small.

Evaluate why the objectives of small and medium-sized enterprises may differ from those of large enterprises.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

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SECTION C

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8 In Pakistan, internet services are provided by a monopolist, Pakistan Telecommunication Company Ltd (PTCL). The quality of the service offered is poor and the internet speed is slow resulting in a high level of complaints from consumers.

Evaluate policies that a government could use to control and regulate monopolies, such as PTCL.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

9 In 2022 Belgium had an unemployment rate of 5.5% and a vacancy rate of 4.8%.

Evaluate policies that a government could use to reduce the geographical immobility of labour **and** the occupational immobility of labour.

Refer to industries of your choice in your answer.

(Total for Question 9 = 20 marks)

10 Nestlé is the largest manufacturer of pre-packaged food and beverages in the world, based on revenue. Its size has enabled it to reduce its average cost of production.

Evaluate the impact that the size of a business has on its efficiency.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 10 = 20 marks)

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SECTION C

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8 The Government of Norway fully subsidises university education. Universities in Norway have social objectives rather than a profit maximising objective. By contrast, in the USA, students pay fees to study at profit maximising universities.

Evaluate the view that the objectives of state-owned enterprises and private sector organisations always differ.

Illustrate your answer with an appropriate diagram(s).

(Total for Question 8 = 20 marks)

9 The global supermarket chain, Walmart, operates 10 500 stores in 24 countries. It has monopsony power when buying agricultural products and employing labour in these countries. A 2021 study suggested that Walmart buys these agricultural products at a lower price than when they are sold to other businesses.

Evaluate the likely impacts of monopsony power on employees and suppliers.

Refer to a firm with monopsony power in your answer.

(Total for Question 9 = 20 marks)

10 In 2022, the Canadian airline WestJet completed a takeover of Sunwing Travel Group, an airline and luxury holiday provider. WestJet's objective was to sell luxury flights and holidays to more destinations.

Evaluate the benefits of growth by takeover for a business in an industry of your choice.

Illustrate your answer with an appropriate diagram(s).

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